

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D. C. 20554**

In the Matter of)	
)	
Numbering Resource Optimization)	CC Docket No. 99-200

REPLY COMMENTS OF CINCINNATI BELL TELEPHONE COMPANY

Delia Reid Saba
Christopher J. Wilson
Attorneys for Cincinnati Bell
Telephone Company
201 E. Fourth Street
Cincinnati, OH 45201
(513) 397-6351

August 30, 1999

TABLE OF CONTENTS

SUMMARY.....	ii
I. INTRODUCTION.....	1
II. USE OF A UTILIZATION THRESHOLD SHOULD BE REJECTED	4
III. DETAILED REPORTING IS UNNECESSARY AND INEFFICIENT	6
IV. RATE CENTER CONSOLIDATION AND POOLING CAN BOTH YIELD SUBSTANTIAL BENEFITS	7
V. EIGHT-DIGIT DIALING IS NOT A NUMBER OPTIMIZATION MEASURE	9
VI. PRICING OPTIONS SHOULD BE REJECTED	9
VII. CONCLUSION.....	12

SUMMARY

CBT submits that the comments filed in this proceeding provide an adequate record for the Commission to adopt a framework that establishes policies and goals for the industry and states to follow for number assignment, enforcement, and application of non-administrative number optimization methods. This approach will provide nationwide consistency that will ultimately benefit consumers and keep costs as low as possible for consumers, carriers and regulators.

The primary cause of number exhaust is the antiquated number assignment process and rate center structure. Therefore, the Commission should adopt policies which address these problems rather than adopting punitive measures based on the erroneous assumption that the number exhaust problem is caused by carrier inefficiencies. Specifically, CBT calls the Commission's attention to the following issues:

- Use of a utilization threshold is inappropriate. A utilization threshold could actually impede number conservation efforts and will not be competitively neutral.
- Carrier reporting measures should be kept to the minimum necessary to efficiently assign numbers.
- Rate center consolidation and pooling are complimentary measures. If adopted prior to pooling, rate center consolidation can improve the efficiency of pooling.

Therefore, the Commission should encourage rate center consolidation by directing the state commissions to thoroughly examine the benefits of rate center consolidation before the state commission requires carriers in that area to participate in pooling.

- Eight-digit dialing is not a number optimization measure, and therefore, should not be considered in this proceeding.
- Pricing options would be administratively complex and costly to administer. As a result the costs of any pricing system would probably far outweigh any benefits realized. Furthermore, even if a cost efficient, competitively neutral pricing mechanism could be designed, the Commission's legal authority to establish a pricing mechanism is suspect.

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D. C. 20554

In the Matter of

Numbering Resource Optimization

)

)

CC Docket No. 99-200

REPLY COMMENTS OF CINCINNATI BELL TELEPHONE COMPANY

These reply comments are submitted on behalf of Cincinnati Bell Telephone Company (“CBT”), an independent, mid-size local exchange carrier in response to comments filed on July 30, 1999 regarding the Commission’s Notice of Proposed Rulemaking (“NPRM”) in the above-captioned proceeding.¹

I. INTRODUCTION

Although the parties filing comments in this proceeding generally agree that the FCC should provide a framework to guide the industry and the states in their pursuit of methods by which to slow the exhaust of the North American Numbering Plan, there is a distinct dichotomy between the industry and state commissions on exactly what and how much guidance from the FCC is appropriate. The majority of industry participants recommend that the FCC adopt basic policies and goals to guide the industry, but that it not codify detailed definitions and procedures. The state commissions, on the other hand, support the codification of definitions and procedures.

Nearly all parties agree that a single solution is not appropriate for all areas and that it is important that each state commission be actively involved in determining the methods that best serve the diverse regions of their states. It is on the details of this last point that the positions of

¹ Numbering Resource Optimization, CC Docket No. 99-200, *Notice of Proposed Rulemaking*, (FCC 99-122), released June 2, 1999.

the industry participants and the state commission participants diverge significantly. The industry participants urge the Commission to establish a framework that the North American Numbering Plan Administrator (“NANPA”), the industry, and the states must follow for number assignment, enforcement, and application of non-administrative number optimization methods. This approach will provide nationwide consistency that will ultimately benefit consumers and keep costs as low as possible for consumers, carriers and regulators. However, it will allow the industry to develop the details of the programs and quickly adapt them when necessary. By working within the framework established by the Commission, this approach will still allow the state commissions to decide when and which solutions best meet the needs of their individual states. The states, however, urge the Commission to grant them far more authority and flexibility in the assignment of numbers, enforcement of administrative solutions, and choice of application of non-administrative solutions. The state commissions appear to be concerned that without detailed rules and data, coupled with close state commission oversight and enforcement, the industry will undertake no number conservation efforts.

CBT believes that the state commissions’ desire for detailed oversight and control of all aspects of numbering administration is based on a basic misconception of the underlying cause of the current exhaustion of our numbering resources. The overriding tone of the state commissions’ comments suggests that the main reason for number exhaust is the inefficient use of numbers by carriers and blatant attempts by carriers to hoard numbers. CBT believes that the state commissions are mistaken on this important point. As MCI stresses, “(p)remature area code exhaust occurs because of inefficiencies in the assignment and use of NXX codes, not because of inefficiencies in the utilization of telephone numbers.”²

The primary cause of exhaust is the antiquated number assignment process and rate center structure. This system was established decades ago before the development of new

² MCI comments at p. 3.

technologies and the advent of competition.³ The system worked well in that era. The fact that this system is no longer efficient in today's telecommunications marketplace is not anyone's fault.

Rather than placing blame and designing costly and inefficient processes and pricing plans to prevent abuses as the state commissions seem intent on doing, CBT submits that all parties must work together in a positive manner to adapt the system to today's world. The overriding goal should be to adapt the current system in order to extend the life of the North American Numbering Plan as long as possible in the least costly manner for consumers, carriers and regulators. CBT submits that this can best be accomplished by the Commission setting a national plan and policies, but leaving the details to be developed by the industry. As Ameritech indicates, "(t)he incorporation by reference of industry guidelines into the Commission's rules responds to the Commission's concern that absent 'rules', the industry may not 'police itself effectively'."⁴ Even though the guidelines would be established by the industry, enforcement authority should be the responsibility of the NANPA, the state commissions, and the Commission. Nothing in this proposed structure will preclude the state commissions, while working within the Commission's framework, from selecting the number conservation methods that best suit the needs of their states.

These reply comments focus on a few specific issues raised in comments filed with the Commission. In particular, these issues are: use of a utilization threshold, the level of detail and frequency of reporting, the benefits of rate center consolidation, eight-digit dialing, and pricing options for numbers.

³ The current system of rate centers was established in an era in which switches served far fewer customers than does modern equipment. With modern switching equipment, it is often possible for a new entrant to serve dozens of existing rate centers with a single switch. However, under the existing system, a new entrant needs a separate NXX for every rate center that it serves, even though in many cases only a few customers are in these new NXXs. This inefficient use of NXXs, coupled with the tremendous demand for cellular and paging systems, accounts for much of the demand for new NXXs.

⁴ Ameritech comments at p. 8.

II. USE OF A UTILIZATION THRESHOLD SHOULD BE REJECTED

The state commissions generally endorse a utilization threshold of 80-85% before a carrier is assigned a growth code.⁵ Several carriers also advocate that a utilization threshold be used in certain circumstances.⁶ Regardless of the level of the threshold or the purpose for which it would be used, CBT opposes the use of a utilization threshold. As many parties indicate, a utilization threshold could "impede number conservation efforts and interfere with a carrier's ability to meet customers' demands for new services."⁷ Furthermore, a utilization threshold will not be competitively neutral, regardless of whether a uniform rate is applied to all carriers or if an attempt is made to differentiate between types of carriers and/or regions.⁸

The state commissions indicate that a low utilization rate is evidence of inefficient practices by the carrier. To the contrary, as MCI urges, "(t)he Commission must discard proposals that proceed from the erroneous assumption that premature area code exhaust is caused by the willful actions of service providers bent on building and carrying excessively large number inventories. There are no known data to support such an assumption. More importantly, it flies in the face of reason. Numbers are for customers. No service provider has ever made a nickel from a number stranded in its inventory."⁹

Low utilization rates are due to the antiquated rate center structure and number assignment process. Once these deficiencies in the system are corrected, utilization rates will soar in most areas. Look for example at a hypothetical area with 1000 customers served by three rate centers. In order to serve all customers in this area each carrier serving the area must be

⁵ "Outline of State Response to Numbering NPRM" (hereinafter referred to as "State Response") accompanying the Comments of the California Public Utilities Commission and the People of the State of California at pp. 4-6. Also see specifically, the Public Utilities Commission of Ohio ("PUCO") comments at pp. 17-21.

⁶ Comments of SBC at pp. 24-30; US West at pp. 23-25; Time Warner at pp. 16-20.

⁷ AT&T comments at p. 15. Also see comments of MCI at p. 26; Bell Atlantic at pp. 8-9

⁸ See comments of GTE at pp. 20-21; Bell Atlantic at pp. 8-9; Ameritech at p. 16; Association for Local Telecommunications Services ("ALTS") at pp. 9-11.

⁹ MCI comments pp. 3-4

assigned 30,000 numbers (i.e., a 10,000 block for each rate center). Since each rate center has less than 1000 customers, the utilization rate in each rate center will be less than 10%. However, if the three rate centers were consolidated, each carrier would need only 10,000 numbers to serve these customers. If 1000 block pooling were implemented in conjunction with rate center consolidation, these 1000 customers could be served with only 1,000 numbers per carrier. Thus, the savings will range from 20,000 to 29,000 numbers per carrier serving this area. Clearly, utilization rates will increase (in the later case possibly to 100%), but not because of the elimination of inefficiencies of the carriers, but by virtue of eliminating the inefficiencies of the current number assignment process.

When used in conjunction with pooling, the inequities of a utilization threshold are magnified and could delay a carrier's ability to get new numbers when needed to serve customers. Under an 80% utilization threshold, a carrier in a non-pooling area would be able to request a growth code when it has 2000 numbers remaining in its existing code. However, a carrier in a pooling area, having only been assigned 1000 numbers, will have only 200 numbers remaining when it reaches the 80% utilization threshold. A single request from one large customer could easily exhaust this carrier's remaining supply of numbers before the carrier's request for an additional 1000 block is approved. This situation could be further exacerbated if the carrier's request must also be approved by the state commission.

As CBT and most other providers indicate, a months-to-exhaust worksheet, which provides both growth history and forecasted growth, is sufficient to ensure that carriers validly need the numbers requested. As Bell Atlantic and others indicate, the month-to-exhaust worksheet, when coupled with audits and strict enforcement activities, including penalties for false or misleading forecast information will limit any abuse that may conceivably be present in today's system due to lax enforcement.¹⁰

¹⁰ See comments of Bell Atlantic at p. 8; Ameritech at pp. 14-18; AT&T at pp. 14-16; ALTS at pp. 8-10.

III. DETAILED REPORTING IS UNNECESSARY AND INEFFICIENT

The state commissions have recommended that carriers be required to submit detailed, disaggregated data on a quarterly basis. They also suggest that all carriers report this data on a 1000 block level, regardless of whether 1000 block pooling is available in an area. The majority of industry participants, on the other hand, argue for semiannual reporting of aggregated data at an NPA/NXX level in non-pooling areas and at the 1000 block level in pooling areas.¹¹

CBT submits that the state commissions' and other parties' claims that detailed data is necessary in order for NANPA and/or the state commissions to do better analyses are without merit.¹² As numerous industry parties indicate, the only information necessary to predict exhaust is the number of assigned, unavailable and available numbers.¹³ If the aggregated data reported by a carrier generates concern, more detailed data can be requested during an audit. Regardless of the cost to carriers of reporting the disaggregated data, CBT submits that to require all carriers to submit disaggregated data because someone believes they may someday find a use for it is not sufficient reason to mandate such reporting.¹⁴

Most parties support mandatory data reporting by all carriers and the majority of industry commenters recommend that data be submitted semiannually rather than quarterly as recommended by the state commissions. As AT&T states regarding quarterly reporting, "(t)here is not enough change in a three-month period to place this type of burden on carriers."¹⁵ Furthermore, CBT submits that with quarterly reporting, by the time NANPA and/or the states compiled the data (particularly if detailed data is required as requested by the states), the next quarter's data would be submitted before the previous quarter's data has even been analyzed.

¹¹ See comments of AT&T at p. 22; Bell Atlantic at p. 10; SBC at pp. 52-53; GTE at pp. 23-24.

¹² State Response at p.6. Also see comments of MCI at p. 41; ALTS at p. 13.

¹³ See comments of Ameritech pp. 17-18; Bell Atlantic at p. 10; SBC p. 53.

¹⁴ See Ameritech comments at p. 17.

¹⁵ AT&T comments at p. 21.

IV. RATE CENTER CONSOLIDATION AND POOLING CAN BOTH YIELD SUBSTANTIAL BENEFITS

Most commenters agree with CBT that rate center consolidation can yield substantial number optimization benefits in many areas. However, CBT is concerned about the comments of some parties that rate center consolidation and pooling are not compatible. CBT is also concerned that some state commissions, while indicating their support for rate center consolidation in appropriate circumstances, may be too quick to rule out rate center consolidation without thorough analysis.

CBT and many other carriers agree that rate center consolidation and pooling are complimentary.¹⁶ In fact, rate center consolidation could even improve the efficiency of 1000 block pooling. As SBC explains, “TBNP pools resources at individual rate centers. Reducing rate centers would reduce the number of pools required, and, at least at a theoretical level, could thereby improve the efficiency of TBNP.”¹⁷ Referring back to the example in Section II above, rate center consolidation combined with 1000 block pooling could reduce the number of numbers needed to serve this hypothetical area from 30,000 to 1,000 per carrier, whereas pooling without rate center consolidation would only have reduced the number to 3,000.

As MCI stresses in its comments, the primary factor in premature area code exhaust is the footprint needs of new service providers.¹⁸ Rate center consolidation can significantly reduce the demand for new number blocks. Contrary to the Public Utilities Commission of Ohio (“PUCO”)’s assertion, rate center consolidation may offer significant benefits in a large urban area like Cincinnati.¹⁹ While it is true that the Cincinnati rate center encompasses almost an entire county, the fact that the metro area extends over several counties with several rate centers and new entrants want a presence in these areas too. For example, there are currently nine

¹⁶ See comments of Bell South at pp. 20-21; SBC at pp. 107-108; ALTS at p. 22; AT&T at pp. 33-35.

¹⁷ SBC comments at p. 108; Also see AT&T comments at p. 35.

¹⁸ MCI comments at pp. 4, 27.

¹⁹ PUCO comments at p. 29.

CLECs operating in the Cincinnati area. In order to establish their footprint, these nine CLECs have requested 35 NXX codes (350,000 numbers). If the Ohio portion of CBT's territory was a single rate center, rather than the 12 in place today, these CLECs would have needed only nine codes (90,000 numbers) to establish their footprint in the same area. In addition, in some cases they could offer service over a wider area (i.e., rate centers where they did not previously have NXXs) without requesting additional numbers. Although 1000 block pooling without rate center consolidation would have reduced the number of numbers these carriers needed to perhaps as little as 35,000 numbers (one 1000 block per rate center), rate center consolidation combined with pooling could have produced even more significant benefits. In this case, these CLECs may have needed only nine 1000 blocks (9,000 numbers). Clearly, the benefits of rate center consolidation prior to implementation of pooling should not be underestimated.

In spite of the fact that the greatest benefits of rate center consolidation and pooling will be realized in areas with a large number of rate centers and prior to the entry of a large number of new entrants, this does not mean that significant benefits cannot be realized prospectively. Therefore, CBT reiterates its position that the Commission should encourage rate center consolidation by directing state commissions to thoroughly examine the benefits of rate center consolidation in an area before the state commission requires carriers in that area to participate in pooling.²⁰ This does not require that rate center consolidation be implemented, nor does it preclude pooling, but it does ensure that the state commissions and carriers have not hastily overlooked what could be a valuable number optimization method because of preconceived notions of what the costs and benefits might be. In some instances, rate center consolidation could defer the need for number pooling long enough for all carriers in the area to become LNP capable, or at least if implemented immediately prior to pooling, could enhance the benefits of pooling. Obviously, the benefits of rate center consolidation would have to be weighed against the impacts it might have on local and toll calling patterns, 911 systems and the like. As the state

²⁰ Also see, BellSouth comments at pp. 20-21.

commissions request, the decision on when and where to mandate pooling would still rest with them.

V. EIGHT-DIGIT DIALING IS NOT A NUMBER OPTIMIZATION MEASURE

The comments of REC Networks contain a proposal for an eight-digit dialing plan. The PUCO has also offered eight-digit dialing as a potential remedy to the current exhaust dilemma.²¹ Based on a review of the proposal submitted by REC Networks, CBT submits that eight-digit dialing is not a number optimization measure. Instead, eight-digit dialing is an alternative dialing plan that is more appropriately considered as a replacement for the current NANP. The purpose of the current proceeding is to forestall the exhaust of the existing numbering plan, not to develop a new plan. Therefore, CBT submits that consideration of eight-digit dialing in this proceeding is misplaced. CBT recommends that eight-digit dialing is more appropriately an item for discussion by the industry as it explores replacement or redesign of the NANP.

VI. PRICING OPTIONS SHOULD BE REJECTED

The industry participants that commented on the pricing options universally oppose any proposal that requires carriers to pay for numbers.²² The state commissions, on the other hand, generally support an administratively determined pricing mechanism.²³ The PUCO offers a specific proposal and recommends that revenue generated in excess of that needed for number administration be used to fund universal service and LNP.²⁴ CBT strongly opposes any measures to initiate a plan under which carriers are charged for numbers.

²¹ PUCO comments at p. 42. Also see comments of PUCO filed on December 21, 1998 at p. 7 in response to the Common Carrier Bureau's request for comments on the North American Numbering Council Report Concerning Telephone Number Pooling and Other Optimization Measures, *Public Notice*, DA 98-2265, NSD File No. L-98-134 (rel. Nov. 6, 1998).

²² See comments of Ameritech at p. 54; SBC at pp. 109-116; AT&T at pp. 61-63; ALTS at p. 27; MCI at pp. 48-50; Connect at p. 18; NEXTLINK at pp. 21-24.

²³ State Response at pp. 17-18.

²⁴ PUCO comments at pp. 36-40.

The state commissions' call for a pricing plan is based on the erroneous assumption that carriers are intentionally maintaining huge inventories of numbers for some manipulative reason. The PUCO claims that "carriers have every incentive to over stock their number inventories."²⁵ However, to the best of CBT's knowledge, no one has enumerated what those reasons are, nor has any evidence been provided to support these claims. CBT reiterates its position that the primary reason for the inefficient use of numbering resources is the antiquated number assignment system and rate center structure. The combination of strengthened administrative measures, rate center consolidation and 1000 block pooling will eliminate the majority of the inefficiencies in the system. If there are inefficiencies remaining after these measures have been implemented, they can be addressed on a company specific basis by using the audit and enforcement procedures established in this proceeding.

Even if it could be demonstrated that a pricing mechanism could eliminate some inefficiencies in the current system, CBT suspects that the costs of establishing and maintaining the pricing mechanism would probably far outweigh any benefits realized by eliminating any remaining numbering inefficiencies.²⁶ In addition, CBT submits that the pricing option itself could create inefficiencies by giving carriers an incentive to manipulate the system as suggested by SBC.²⁷

Furthermore, it would be extremely difficult, if not impossible, to design a competitively neutral pricing mechanism. As SBC indicates, establishing a system in which carriers pay for numbers currently assigned to them "would be financially punishing those carriers for their responses to a significantly different set of regulatory incentives, requirements, and expectations than those currently put forth."²⁸ Likewise, as AT&T points out, "(c)harging only new entrants, or even charging for 'new' numbers, would be fundamentally unreasonable."²⁹

²⁵ *Id.* at p. 37.

²⁶ See comments of AT&T at p. 63; SBC at p. 109.

²⁷ SBC comments at pp. 111-114.

²⁸ *Id.* at p. 114.

²⁹ AT&T comments at p. 62.

CBT agrees with AT&T's assessment of the Commission's legal authority to implement a pricing mechanism for numbers.³⁰ Although the Commission's legal authority to establish a pricing mechanism is suspect, the PUCO's suggestion that the Commission use revenue collected from the sale or rental of numbers to fund universal service or number portability for rural carriers is an even clearer violation of the statutes. Section 254(e) of the Act already specifies that universal service support be explicit. Using excess funds from a numbering charge can under no circumstances be considered an explicit means of funding universal service. The PUCO's suggestion that the "revenues be used to assist with the recovery of LNP implementation costs"³¹ would be in violation of section 251(e)(2) the Act that requires the costs of number administration and number portability to be borne by all telecommunications carriers on a competitively neutral basis. Since many carriers have already implemented LNP and incurred the corresponding costs, any suggestion that these carriers now subsidize the costs of LNP implementation in other areas could not conceivably be considered competitively neutral.

³⁰ *Id.* at pp. 61-62.

³¹ PUCO comments at p. 39.

VII. CONCLUSION

CBT believes that the comments filed in this proceeding present the Commission with an ample record to adopt a national numbering administration framework that establishes policies and goals for the industry and states to follow. This national framework is necessary to eliminate the inefficiencies inherent in the current antiquated system and to protect consumers from what could otherwise quickly become a confusing patchwork of incompatible solutions.

Respectfully submitted,

Cincinnati Bell Telephone Company

By /s/ Delia Reid Saba
Christopher J. Wilson
Delia Reid Saba
Staff Counsel
Cincinnati Bell Telephone Company
201 East Fourth Street
Room 102-620
Cincinnati, Ohio 45202
(513) 397-1333

Dated: August 30, 1999